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DEPARTMENT OF COMMERCE

International Trade Administration

C-580-873

Non-Oriented Electrical Steel from the Republic of Korea: Final Negative Countervailing Duty Determination and Final Negative Critical Circumstances Determination

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce

SUMMARY: The Department of Commerce (the Department) determines that *de minimis* countervailable subsidies are being provided to producers/exporters of non-oriented electrical steel (NOES) from the Republic of Korea (Korea). The period of investigation is January 1, 2012, through December 31, 2012.

EFFECTIVE DATE: Insert date of publication in the *Federal Register*.

FOR FURTHER INFORMATION CONTACT: Joshua Morris or Thomas Schauer, AD/CVD Operations, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-1779 and (202) 482-0410, respectively.

Background

The petitioner in this investigation is AK Steel Corporation (Petitioner). This investigation covers 29 government programs. In addition to the Government of Korea (GOK), the respondents in this investigation are POSCO and Daewoo International Corporation (DWI).

Case History

The following events have occurred since the Department published the *Preliminary Determination* on March 25, 2014.¹

On May 8, 2014, the Department issued a post-preliminary analysis memorandum.² The Department conducted verification of the GOK, POSCO, and DWI's questionnaire responses from May 13, through May 23, 2014, and issued verification reports on June 24, 2014. The GOK submitted a case brief on July 8, 2014. No other party submitted a case or rebuttal brief.

Scope of the Investigation

The merchandise subject to this investigation consists of NOES, which includes cold-rolled, flat-rolled, alloy steel products, whether or not in coils, regardless of width, having an actual thickness of 0.20 mm or more, in which the core loss is substantially equal in any direction of magnetization in the plane of the material. For a complete description of the scope of the investigation, *see* Appendix I to this notice.

Analysis of Subsidy Programs and Comments Received

The subsidy programs under investigation and the issues raised in the case and rebuttal briefs by parties in this investigation are discussed in the Memorandum to Paul Piquado, Assistant Secretary for Enforcement and Compliance, "Issues and Decision Memorandum for the Final Determination in the Countervailing Duty Investigation of Non-Oriented Electrical Steel

¹ See *Non-Oriented Electrical Steel From the Republic of Korea: Preliminary Negative Countervailing Duty Determination, Preliminary Negative Critical Circumstances Determination, and Alignment of Final Countervailing Duty Determination With Final Antidumping Duty Determination*, 79 FR 16295 (March 25, 2014) (*Preliminary Determination*).

² See Memorandum to Paul Piquado, Assistant Secretary for Enforcement and Compliance, "Post-Preliminary Analysis in the Countervailing Duty Investigation: Non-Oriented Electrical Steel from the Republic of Korea (Korea)" (May 8, 2014).

from the Republic of Korea” (Issues and Decision Memorandum),³ which is hereby adopted by this notice. A list of subsidy programs and the issues that parties have raised, and to which we responded in the Issues and Decision Memorandum, is attached to this notice as Appendix II. The Issues and Decision Memorandum is a public document and is on file electronically *via* IA ACCESS. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly on the Internet at <http://enforcement.trade.gov/frn/index.html>. The signed Issues and Decision Memorandum and the electronic version of the Issues and Decision Memorandum are identical in content.

Critical Circumstances

On February 25, 2014, Petitioner alleged that critical circumstances exist with respect to imports of NOES from Korea. In accordance with 19 CFR 351.206(c)(2)(i), we issued a negative preliminary critical circumstances determination not later than the date of the preliminary determination. For this is final determination, since we do not find that POSCO benefitted from any subsidies inconsistent with the World Trade Organization Agreement on Subsidies and Countervailing Measures,⁴ we have not analyzed whether there were massive imports of the subject merchandise over a relatively short period. Accordingly, pursuant section 705(a)(2) of the Act, we do not find that critical circumstances exist with regard to imports of NOES from Korea.

Final Determination

As discussed in the Issues and Decision Memorandum, we attributed the benefit from subsidies to DWI to the combined sales of DWI and POSCO (less inter-company sales). In

³ Public versions of all business proprietary documents and all public documents are on file electronically *via* Enforcement and Compliance’s Antidumping and Countervailing Duty Centralized Electronic Service System (IA ACCESS). Access to IA ACCESS is available to registered users at <http://iaaccess.trade.gov> and in the Department’s Central Records Unit, room 7046 of the main Department of Commerce building.

⁴ See Issues and Decision Memorandum at “Programs Determined to be Countervailable.”

accordance with section 705(c)(1)(B)(i) of the Tariff Act of 1930, as amended (the Act), we calculated a *de minimis* rate for POSCO/DWI.

We determine the total estimated net countervailable subsidy rates to be:

Company	Subsidy Rate
POSCO and Daewoo International Corporation	0.65 percent (<i>ad valorem</i>)

Consistent with section 705(c)(1)(B) of the Act, the Department has not calculated an all-others rate because it has not reached an affirmative final determination. Because the estimated subsidy margins for the examined companies are *de minimis*, we are not directing U.S. Customs and Border Protection to suspend liquidation of entries of NOES from Korea.

United States International Trade Commission (USITC) Notification

In accordance with section 735(d) of the Act, we notified the USITC of our final determination. As our final determination is negative, this proceeding is terminated.

Return or Destruction of Proprietary Information

This notice serves as the only reminder to parties subject to an administrative protective order (APO) of their responsibility concerning the destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation that is subject to sanction.

This determination is issued and published pursuant to sections 705(d) and 777(i) of the
Act.

Paul Piquado
Assistant Secretary
for Enforcement and Compliance

October 6, 2014
Date

APPENDIX I

Scope of the Investigation

The merchandise subject to this investigation consists of non-oriented electrical steel (NOES), which includes cold-rolled, flat-rolled, alloy steel products, whether or not in coils, regardless of width, having an actual thickness of 0.20 mm or more, in which the core loss is substantially equal in any direction of magnetization in the plane of the material. The term “substantially equal” means that the cross grain direction of core loss is no more than 1.5 times the straight grain direction (*i.e.*, the rolling direction) of core loss. NOES has a magnetic permeability that does not exceed 1.65 Tesla when tested at a field of 800 A/m (equivalent to 10 Oersteds) along (*i.e.*, parallel to) the rolling direction of the sheet (*i.e.*, B_{800} value). NOES contains by weight more than 1.00 percent of silicon but less than 3.5 percent of silicon, not more than 0.08 percent of carbon, and not more than 1.5 percent of aluminum. NOES has a surface oxide coating, to which an insulation coating may be applied.

NOES is subject to this investigation whether it is fully processed (*i.e.*, fully annealed to develop final magnetic properties) or semi-processed (*i.e.*, finished to final thickness and physical form but not fully annealed to develop final magnetic properties). Fully processed NOES is typically made to the requirements of ASTM specification A 677, Japanese Industrial Standards (JIS) specification C 2552, and/or International Electrotechnical Commission (IEC) specification 60404-8-4. Semi-processed NOES is typically made to the requirements of ASTM specification A 683. However, the scope of this investigation is not limited to merchandise meeting the ASTM, JIS, and IEC specifications noted immediately above.

NOES is sometimes referred to as cold-rolled non-oriented (CRNO), non-grain oriented (NGO), non-oriented (NO), or cold-rolled non-grain oriented (CRNGO) electrical steel. These terms are interchangeable.

Excluded from the scope of this investigation are flat-rolled products not in coils that, prior to importation into the United States, have been cut to a shape and undergone all punching, coating, or other operations necessary for classification in Chapter 85 of the Harmonized Tariff Schedule of the United States (HTSUS) as a part (*i.e.*, lamination) for use in a device such as a motor, generator, or transformer.

The subject merchandise is provided for in subheadings 7225.19.0000, 7226.19.1000, and 7226.19.9000 of the HTSUS. Subject merchandise may also be entered under subheadings 7225.50.8085, 7225.99.0090, 7226.92.5000, 7226.92.7050, 7226.92.8050, 7226.99.0180 of the HTSUS. Although HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope is dispositive.

APPENDIX II

List of Comments and Issues in the Issues and Decision Memorandum

- I.** Summary
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- IV.** Subsidies Valuation Analysis of Programs
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- VI.** Analysis of Comments
 - Comment 1 Minor Corrections at the Verification of the Government of Korea
 - Comment 2 Regional Specificity and the Restriction of Special Taxation Act (RSTA) Article 26
 - Comment 3 The Use of Corporate Tax Returns in *De Facto* Specificity Analysis for RSTA Tax Deduction Programs
 - Comment 4 Analyzing the Number of Recipients of Certain RSTA Tax Programs Based on Average Life Span of Purchased Assets
 - Comment 5 Analyzing RSTA Articles 10(1)(1), 10(1)(2), and 10(1)(3) as One Program
 - Comment 6 The Number of RSTA Tax Incentives Recipients and “Limited”
 - Comment 7 The Korea Export-Import Bank as an “Authority”
 - Comment 8 Support for Acquisitions of Foreign Mines Program and *De Jure* Specificity
 - Comment 9 Loans from the Korean Resources Corporation and the Korea National Oil Corporation and *De Jure* Specificity
 - Comment 10 The Financial Contribution of DWI’s Debt Workout
 - Comment 11 DWI’s Debt to the Korea Export Insurance Corporation
- VII.** Recommendation

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